Commerzbank Forecasts

Growth and inflation

	Real GDP (%)			Inflation rate (%)		
	2024	2025	2026	2024	2025	2026
USA	2.8	1.7	1.9	3.0	2.8	3.3
China	5.0	4.5	3.6	0.2	0.1	0.4
Euro area	0.7	1.0	1.2	2.4	2.1	2.1
- Germany	-0.5	0.2	1.4	2.2	2.1	2.2
- France	1.2	0.5	0.9	2.3	1.5	2.0
- Italy	0.7	0.3	0.5	1.1	1.7	1.9
- Spain	3.3	2.3	1.5	2.9	2.2	2.0
- Netherlands	1.0	1.3	1.7	3.2	2.5	2.2
- Austria	-1.2	0.1	1.0	2.9	2.2	2.4
UK	1.1	1.2	1.2	2.5	3.5	2.8
Switzerland	1.6	1.2	1.5	1.1	0.3	0.7
Japan	0.1	1.2	0.7	2.7	3.0	1.8
World	3.1	2.9	2.9			

- The massive new tariffs are likely to slow down the US economy.
- In Germany, the tariff conflict is likely to dampen the economy this year but the extremely expansionary fiscal policy should boost growth in 2026.
- Because the central banks are not tackling inflation vigorously enough, it is likely to remain well above 2%.
- China's economy suffers from the tariffs, the property slump, the debt overhang, the shift to a more state-led economy and the technology decoupling with the West.

Interest rates (end-of-quarter)

	9-Oct	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26
USA						
Fed funds, upper bound	4.25	3.75	3.25	2.75	2.50	2.50
3-months OIS	3.84	3.40	3.10	2.65	2.35	2.35
2 years*	3.59	3.30	3.00	2.80	2.70	2.70
5 years*	3.72	3.30	3.10	3.00	3.00	3.10
10 years*	4.12	4.10	4.00	4.10	4.20	4.30
Spread 10-2 years	54	80	100	130	150	160
Swap-Spread 10 years	48	50	50	50	50	50
Euro area						
Depo rate	2.00	2.00	2.00	2.00	2.00	2.00
3-months Euribor	2.02	2.00	2.00	2.00	2.00	2.00
2 years*	2.00	1.90	1.90	2.00	2.00	2.10
5 years*	2.29	2.20	2.30	2.40	2.50	2.70
10 years*	2.69	2.70	2.75	2.80	2.90	3.00
Spread 10-2 years	69	80	85	80	90	90
Swap-Spread 10 years	2	10	10	15	20	25
UK						
Bank rate	4.00	3.75	3.75	3.75	3.75	3.75
3-months OIS	3.97	3.70	3.70	3.70	3.70	3.70
2 years*	4.00	3.70	3.75	3.80	3.80	3.80
10 years*	4.72	4.60	4.60	4.60	4.70	4.70

- The ECB is done with rate cuts.
- The Fed is under political pressure to cut rates. We therefore expect significantly lower key rates by next summer, also because of the upcoming change at the Fed's helm.
- Against the backdrop of stable ECB key rates, German Bund yields may stabilize around the current level for the time being.
- In the longer run, the governments' debt policy as well as persistent inflation are likely to result in higher bond yields.

Exchange rates (end-of-quarter)

	9-Oct	Q4 25	Q1 26	Q2 26	Q3 26	Q4 26
EUR-USD	1.16	1.22	1.23	1.24	1.25	1.25
USD-JPY	153	150	150	150	150	150
EUR-CHF	0.93	0.92	0.92	0.93	0.93	0.94
EUR-GBP	0.87	0.87	0.87	0.87	0.86	0.85
EUR-SEK	11.00	11.00	10.90	10.90	10.90	10.70
EUR-NOK	11.62	11.30	11.20	11.10	11.00	10.90
EUR-PLN	4.26	4.25	4.27	4.30	4.30	4.35
EUR-HUF	392	395	400	405	410	415
EUR-CZK	24.38	24.50	25.00	25.00	25.15	25.20
USD-CAD	1.40	1.37	1.37	1.36	1.35	1.34
USD-CNY	7.13	7.15	7.15	7.15	7.10	7.10

- If the inflation risks posed by Trump's Fed appointments become more apparent, long-term inflation expectations are likely to rise. This argues more than ever for a weaker dollar, especially since it is still significantly overvalued against the euro in terms of purchasing power parity.

Source: Bloomberg, Commerzbank Research; bold: change on last week; Swap spreads calculated as government bond yield minus swap rate in basis points. * Treasuries, Bunds, Gilts

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